

Message Text

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PAGE 01 ZAGREB 00396 122144Z

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ACTION EUR-12

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R 081323Z MAY 75
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TO SECSTATE WASHDC 3094
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INFO AMEMBASSY BELGRADE

LIMITED OFFICIAL USE ZAGREB 0396

E.O. 11652: N/A
TAGS: BEXP, YO
SUBJECT: MAJOR PROJECTS: VARTEKS POLYESTER PLANT

REF: A) STATE 96470; B) ZAGREB 0207

1. AFTER RECENT VISIT TO VARTEKS HEADQUARTERS, ALAN DAVIS, VICE PRESIDENT OF US FIRM CHEMTEX, INFORMED US THAT CHEMTEX MAY BE INTERESTED IN PARTICIPATING IN VARTEKS PROJECT. CHEMTEX ALREADY HAS JOINT VENTURE WITH THE MACEDONIAN FIRM, OHIS, WHICH IS BASED ON DUPONT TECHNOLOGY. ACCORDING TO DAVIS, HOWEVER, TERMS OF OHIS'S CONTRACT ALLOW OHIS TO SUBLICENSE THIS DUPONT TECHNOLOGY TO OTHER YUGOSLAV FIRMS. VARTEKS APPARENTLY IS EXTREMELY INTERESTED IN OBTAINING CHEMTEX PARTICIPATION BECAUSE PURCHASE OF FOREIGN TECHNOLOGY FROM ANOTHER YUGOSLAV FIRM WOULD RESULT IN SUBSTANTIAL HARD CURRENCY SAVINGS TO VARTEKS. VARTEKS HAS INFORMED US THAT THEY INTEND TO APPROACH OHIS LATE IN MAY WITH YUBLICENSE PROPOSAL.

2. ACCORDING TO DAVIS, CHMTEX MUST ALSO DETERMINE WHETHER POTENTIAL YUGOSLAV AND EXPORT MARKET IS LARGE ENOUGH TO JUSTIFY ANOTHER MAJOR FACILITY FOR PRODUCTION OF ARTIFICIAL TEXTILE FABRIC. (NOTE: WE HAVE BEEN INFORMED BY VARTEKS THAT THERE IS SOME OPPOSITION TO CONSTRUCTION OF A SECOND LARGE ARTIFICIAL FABRIC PLANT IN YUGO-SLAVIA.)

3. VARTEKS AND PAZINKA HAVE DECIDED TO COORDINATE THEIR PLANS FOR ARTIFICIAL FABRIC PLANTS (PARA 6 OF REF B). VARTEKS WILL CON-

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CENTRATE ON PRODUCTION OF STAPLE FABRIC WHILE PAZINKA WILL

PRODUCE FILAMENT-BASED FABRIC. ACCORDING TO DAVIS, VARTEKS
NOW INTENDS TO CONSTRUCT TWO 35-TON-PER-DAY CONTINUOUS-LINE PRO-
DUCTION FACILITIES AT TS VARAZDIN FACTORY. ONE LINE WILL BE
DEVOTED SOLELY TO PRODUCTION OF STAPLE FIBER FOR VARTEKS' USE.
THE OTHER LINE WILL PRODUCE 20 TONS DAILY OF VARTEKS' STAPLE
FIBER, WITH 15 TONS PER DAY BEING SIDESTREAMED INFO PRODUCTION
OF CHIPS, WHICH WILL THEN BE SHIPPED TO PAZINKA FOR PROCESSING
INTO FABRIC AND FINISHED GOODS.
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Margaret P. Grafeld
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